

Labour Force – October 2009

ECONOMIC ALERT

12 November 2009

KEY POINTS

Employment

- National employment rose in October, by 24,500 to 10,831,600 (seasonally adjusted).
- The rise in total employment was underpinned a 21,500 increase in the number of people in part-time work to 3,240,800 (the highest level in the 30-year history of the time series).
- Full-time employment increased for a second consecutive month, rising by 2,900 to 7,590,800 in October.
- Annual employment growth lifted marginally in the month, rising from 0.1% in September to 0.2%.
- Mostly reflecting the large increases in part-time employment that occurred in mid to late 2008, part-time employment growth has moderated from a peak of 6.4% in July to 4.8% in October. By contrast, the rate of contraction in full-time employment has eased by 1.1 percentage points to -1.7% since August 2009.

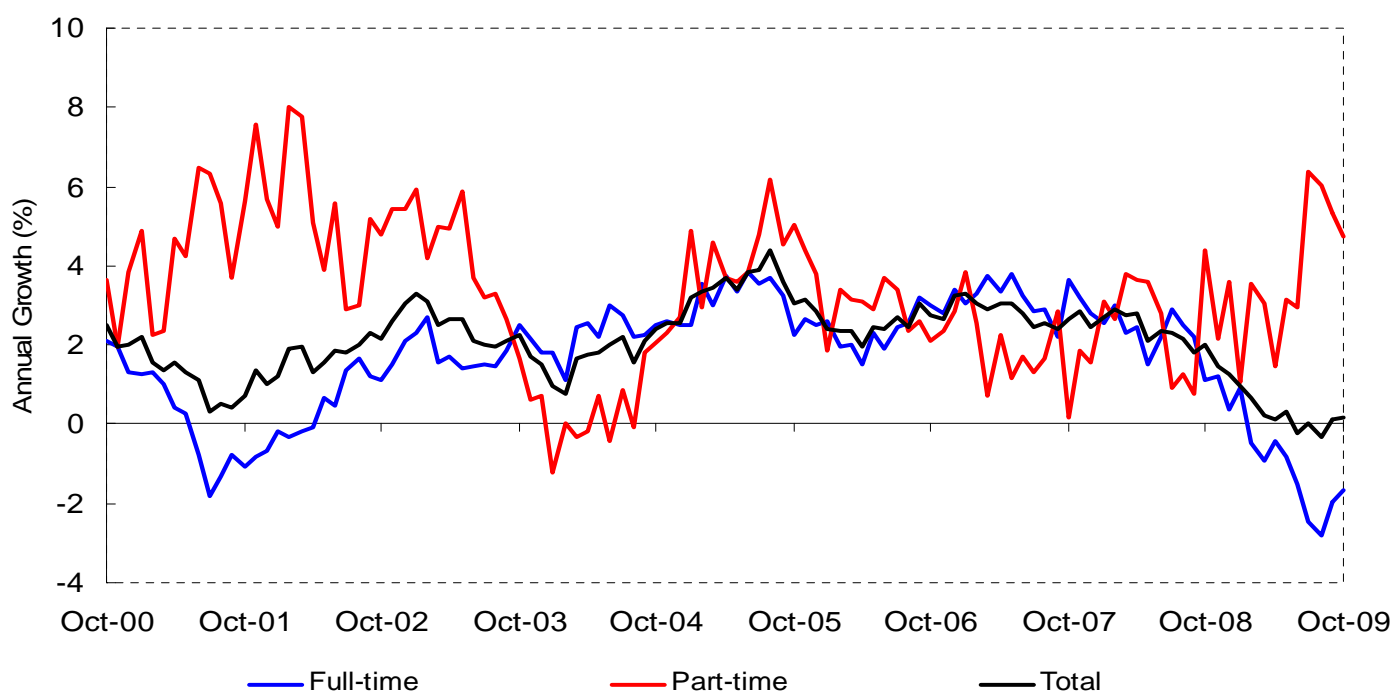
National unemployment rate

- The unemployment rate rose by 0.1 percentage points to 5.8%, returning to the recent, but steady, high recorded in June, July and August. Driving the modest rise in the unemployment rate was a lift in the participation rate from 65.18% to 65.25%.

The states

- Seasonally adjusted, total employment rose in Victoria (+22,700); Western Australia (+8,900); Queensland (+5,300); and New South Wales (+3,300). Employment fell in South Australia (-3,400) and Queensland (-2,000).
- Unemployment rates ranged from 6.1% in New South Wales; 6.0% in Queensland; 5.7% in Victoria; 5.4% in Tasmania; 5.3% in South Australia; and 5.0% in Western Australia.

Chart: Employment Growth



Policy implications

- The labour market continues to defy earlier predictions of a sharp rise in job losses, with unemployment having remained broadly steady at a peak rate of between 5.7 and 5.8% since March. This outcome reflects the relative strength of the Australian economy throughout the period of the global economic downturn, underpinned by a strong macroeconomic policy response, falls in real unit labour costs and desire amongst employers to hold on to skilled workers.
- While the unemployment rate is likely to drift further upward (the Commonwealth Treasury in their November MYEFO have forecast a peak rate of 6.75% in the June quarter 2010), the strength in recent job vacancy figures suggest that the rise will be significantly lower than previously expected.
- Today's labour force numbers will support the Reserve Bank's view that monetary policy must be tightened over the coming months, possibly as early as at their December Board Meeting.